

5/45/049



United States Department of the Interior

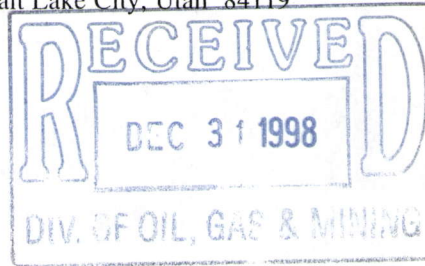
BUREAU OF LAND MANAGEMENT

Salt Lake District Office
2370 South 2300 West
Salt Lake City, Utah 84119

IN REPLY REFER TO:

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DEC 30 1998

William D. Moeller
Clifton Mining Company
70 West Canyon Crest Road, Suite D
Alpine, Utah 84004

Dear Mr. Moeller:

The Bureau of Land Management (BLM) has been working with Clifton Mining Company (CMC) since September 6, 1996, to authorize a milling plan for the Cactus Millsite located in T. 7 S., R. 18 W., Section 35. The Plan of Operations (POO) has never been completed, therefore the BLM has not authorized any activities on the Cactus Millsite.

On July 2, 1998, we requested that CMC provide information sufficient to complete the POO, specifically regarding CMC's deficient proposal to contain and manage all of the excess water and tailings that the operation would produce over the life of the operation. We have not received the requested information to date, and are therefore not able to complete the Environmental Assessment (EA), or authorize the milling POO until a reasonable proposal has been submitted for review. In addition, we have received information that CMC may have installed a cyanide circuit in the mill plan without notifying the BLM or modifying the original POO to address this new activity.

To reiterate our request for information, we notified CMC of our concern that the entire volume of water proposed for storage in the 2.47-acre tailings impoundment (16.5 million gallons) could not be evaporated during the course of normal annual operations, and might be diverted into the adjacent drainage without some type of safeguard system in place. In our letter of April 21, 1998, CMC was informed that the minimum normal pan evaporation rate in the Gold Hill area was 60 inches per year. For a 2.47-acre tailings impoundment, that would result in the evaporation of about 4 million gallons of water per year. We asked that CMC provide this office with a modified proposal for the tailings impoundment which would address the storage, recycling and/or evaporation of the additional 12.5 million gallons of excess water that would not likely be evaporated naturally.

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In response, you provided only general observations regarding the millsite's capability to handle the excess water that would be produced. These generalizations do not provide sufficient specific information to conduct a thorough analysis of CMC's milling operation in the EA we are preparing. As stated in our letter of July 2, 1998, for the currently proposed operation, it is our estimation that the tailings impoundment is only 1/4 the size it must be to contain the volume of water that would be produced during milling. For the current proposal to be authorized by this office, you need to modify your Plan of Operations in one of the following ways: 1) enlarge the size of your tailings impoundment to approximately 10 acres or more; 2) modify your milling operation so that the volume of excess water that would have to be evaporated is no more than 25% of the volume currently proposed; or 3) reduce the size of your milling operation by at least 1/4, to 50 tons per day, or less. We cannot develop the Plan of Operations for CMC, and cannot authorize the current proposal without some type of specific modification to complete your plan.

We also understand that you may have recently been using the existing tailings impoundment to temporarily store water that was being pumped from the mine shaft adjacent to Cane Springs, then releasing it into the adjacent drainage. Please be advised that this type of activity and all other activities are not authorized on the Cactus Millsite at this time. Milling-related activities may only occur on the subject millsite when an EA has been completed and when your POO has been approved, subject to the submittal to the BLM of a reclamation bond for 100% of the cost of reclamation for such activities.

Please provide this office with your proposal to modify the tailings impoundment within 30 days of receipt of this letter, or you will have established a Record of Noncompliance with regulations at 43 CFR 3809 for continuing to operate without filing a complete Plan of Operations with the BLM. If a cyanide circuit has been introduced into the current mill plan, or if CMC has made other revisions to the plan, please provide a flow sheet showing these modifications. If you have any questions or require additional information, please contact Michael Ford of my staff at (801) 977-4360.

Sincerely,

GLENN A. CARPENTER

Glenn A. Carpenter
Field Manager

cc: D. Wayne Hedberg
Utah Division of Oil, Gas and Mining
Steven McNeal
Utah Division of Water Quality